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SITKA ECONOMIC DEVELOPMENT ASSOCIATION

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Wednesday, December 07, 2005

Jeff Otteson
Director of Program Development
State of Alaska DOT/PF
Juneau, AK 99801

Re: 2006 to 2008 State Highway STIP
Phase II Sawmill Creek Road

Dear Mr. Otteson,

Sitka Economic Development Association (SEDA) is a Sitka non-profit corporation dedicated to economic development in the Sitka area and in the SE Alaska region. Our Board of Directors is comprised of eleven business and civic leaders.

The Board is quite concerned about the "re-shuffling" of the present STIP projects especially Phase II of Sawmill Creek Road. We are also concerned about the schedule delay for the portion of the Mitkof Highway that will serve the new IFA ferry terminal south of Petersburg.

For the past several years SEDA has held a contract with the City and Borough of Sitka to manage the Sawmill Cove Industrial Park. The Park is located at the end of Sawmill Creek Road. Since 2000 Sitka has invested \$9.4 million in new infrastructure at the site. We presently have 30 year round jobs at the Industrial Park. This total rises to 90 jobs in the summer.

Baranof Frozen Seafoods is operating at the Industrial Park. They have doubled their production of value-added fish processing over the past year and expect to employ 40 persons and process over 4 million pounds of fish next year. This company is leasing over 31,000 square feet of warehouse space from the City.

True Alaska Beverage operates the largest bottled water plant in Alaska with up to 40 employees. True is leasing over 113,500 square feet of warehouse space.

And, recently the Borough Assembly entered negotiations with the private sector to build a new, multi-purpose dock at the Industrial Park. This dock will be capable of handling all forms of cargo as well as berthing one cruise vessel. The dock will employ over 20 people including longshore labor, a tug boat crew, and Homeland Security personnel.

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